12.47½ hrs.

THE CONSTITUTION (SCHEDULED TRIBES) ORDER (AMENDMENT) BILL

As passed by Rajya Sabha

[*English*]

SECRETARY GENERAL: Sir, I lay on the Table the Constitution (Scheduled Tribes) Order (Amendment) Bill, 1991 as passed by Rajya Sabha.

12.48 hrs.

THE GENERAL BUDGET, 1991-92 —GENERAL DISCUSSION—*Contd.*

[*English*]

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Mr. Speaker Sir, I rise to reply to the General Discussion on the Budget for 1991-92, which I had the honour of presenting to the august House on 24 July 1991. I am extremely grateful to all hon. members on both sides of this House who have taken part in the debate which has been characterised by a mixture of commendation, caution and criticism of the proposals contained in my Budget.

I was particularly impressed by the extent of knowledge, skill, wisdom, dignity, moderation and the great concern for the politically innocent Finance Minister, which marked the speech of my esteemed friend Shri Jaswant Singh. He performed the role of the opening batsman for the Opposition with great distinction. Then there were the speeches of veterans and stalwarts like Shri Indrajit Gupta, Shri Chandra Jeet Yadav, Prof. Nirmal Kanti Chatterjee, Shri Atal Bihari Vajpayee, Shri Sukh Ram and many others whose deep love for our country, whose scholarship, skills and experience as parliamentarians and whose sense of fairness and decency I have always admired and respected. I am of this view that there is no match for these stalwarts of the parliamentary scene in our country. On an occasion like this I feel like a pigeon thrown among the cats. I must confess to you that I feel a little diffident in taking on such great stalwarts. But since the Prime Minister has placed me in this predicament I have to do my duty howsoever inadequate I may be for this task.

Shri Jaswant Singh was greatly worried about my political inexperience and innocence in political affairs. I am deeply grateful to him for his affection and concern for me but let me assure him that I am not in any way over-powered by any feeling of lack of political experience on my part. I have had the privilege of working closely with all the Prime Ministers of India, starting with Shrimati Indira Gandhi. I have been a keen observer of the Indian political scene and political processes in our country. I have been a witness during the past 20 years to some of the most historic moments of both triumph and tragedy; of joy and sorrow, of laughter and tears; of the high noons of creativity and idealism as well as the evenings of despair, darkness, and despondency which have characterised the arduous journey of this republic in our nation's quest for modernity, dignity and self-respect for our people.

I am also a student of History, in particular, after Mughul period. I also know that the Delhi Establishment has not been able to shake off completely the heritage of the culture of the great Mughal court. The atmosphere of intrigue and the low-cunning politics of self-aggrandisement which ultimately led to the decline and fall of that great empire, that great enterprise and great adventure. And, if you read Gibbon and Shakespeare you know

enough about the stuff politics and politicians are made of. The Late Shri T. T. Krishnmachari, a great Finance Minister of this country, used to say that a Finance Minister who wanted to do something had to be aware that there were maneaters on ground in the streets of Delhi. But quite honestly all this does not worry me.

The Prime Minister has honoured me to perform a particular duty. Today, if I find that I cannot perform that duty to the satisfaction of my conscience, you will not find me sitting on these benches. There are many other ways of serving our people than through the medium of politics. Patriotism and service to our people, after all are not monopolies of professional politicians alone. Let it, therefore, be clear that nobody is going to be allowed to take undue advantage of my alleged lack of political experience.

SHRI BUTA SINGH (Jalore): Is it a quotation from Shri Krishnamachari's speech?

SHRI MANMOHAN SINGH: No, it is not a quotation.

This Government has been in office for only 45 days. Whether one likes it or not, India has begun once again to appear on the front pages of newspapers all over the world. I remember, Jawahar Lal Ji used to say whether one likes it or not, India counts and I have a feeling that India once again is beginning to count. There is an excitment that at long last this country has made up its mind to realise its full creative potential. Whether you like it or not, you have to concede that Prime Minister Shri Narasimha Rao has succeeded in altering, in a fundamental sense, the Agenda for national debate. The centre-piece of this new agenda is the strategy and a credible action programme for national renewal, of enabling our nation to acquire its rightful place in the comity of nations. Some people describe our agenda as pursuit of liberalisation. Mr. Speaker, Sir, a more appropriate way to describe our agenda would be to call it an agenda for India's second liberation, liberation from the ancient scourge of poverty, ignorance and disease which have been the inevitable lot of millions of people in this country for centuries. It is an agenda for ushering a second Industrial Revolution, a second Green Revolution. It is a forward looking agenda which seeks to harness the tremendous creative potential of modern science and technology to build a new India which is at once a technologically sophisticated society, is economically advanced and socially just and all these to be achieved in the framework of an open society.

Democratic polity and deep an abiding faith in the rule of law that was the vision, this was the grand design which Jawaharlal Nehru projected so forcefully on the midnight of August 14, 1947 just when the world went to sleep, India woke up to a new life of adventure and enterprise of ushering a social and economic revolution through peaceful means and with the consent of all concerned. Nothing Mr. Speaker, of that sort has been attempted anywhere else in human history. It was the dream of the greatest man of our age Mahatma Gandhi to wipe out tears from the eyes of each and everyone living in this great country of ours.

Much has been done since independence to soften the harsh edges of mass poverty. Our nation can take legitimate pride in its many faceted achievements. But there is a vast unfinished task. There are still for too many people with tearful eyes in this country. The misery and the squalor of vast urban slums that have sprung up all over the country mocks at the laughter and the mirth emanating from the Five Star Hotels and Club Rooms. Even today, 44 years after independence, you can still, see on a cold wintery morning, a young woman having a bath in the sacred Ganga

[Sh. Manmohan Singh]

and then sitting in the sun to dry her clothe. Why? Because, she does not have a second saree. We have thus a vast unfinished task before us. To accomplish this task, we have to shed some of the old instrumentalities, which have outlived their utility. We have to shed some old prejudices and fears which made no sense in the changed world.

The objectives set for our nation by Jawaharlal Nehru on the eve of independence, remain today as they were in 1947. But, as Panditji use to say, we live in a dynamic world. Therefore, strategies and instrumentalities have to be adapted to the changing needs of our times. This is what our Government seeks to achieve. We remain faithful to the vision and objectives outlined by the founding fathers of our Republic. And it is precisely because we are faithful to that vision and those objectives that our policy framework and instrumentalities need to be updated to keep pace with the demands of a dynamic economy and polity.

We have Mr. Speaker, promises to keep and that lends urgency to the task of re-structuring and adaptation of policy framework from time to time. Our Government has been in office for barely one month and a half. But in this short span of time, we have altered the agenda for the national debate. The divisive issues of Mandir-Masjid politics and the emotional divide brought about in the wake of forward-backward caste controversies are beginning to take a back seat. The nation seems to be fed up with the politics which thrive on suspicion, hatred, distrust of one fellow citizen and which exploits societal tensions and conflicts for the pursuit of narrow partisan angles.

13.00 hrs.

It is yearning for a new politics, a politics which would help to mediate and reconcile the various societal tensions and conflicts built into the body politic of a poor country trying to modernise itself. This is the task we have set before our nation. This is the new politics we will pursue--a politics which is a servant of social sympathies, a politics which is a purposeful instrument of social change, a politics which regards power as a sacred social trust to be used for the good of society and not for self-aggrandizement.

Our agenda includes enabling our country to meet the challenges and capture the opportunities of the new global economy. It takes into account the fact that we live in an increasingly inter-dependent word. The growing inter-dependence of nation is highlighted by the serious threat to the environment and the essential life support systems of our planet. The world shares a common environment. And since three-fourths of the human race lives in the Third World, we have a vested interest to work with other nations to control environmental degradation. In many ways, the world has become one vast global village and the critical challenge of our times is to ensure orderly and equitable management of this global interdependence. (*Interruptions*)

MR. SPEAKER: Order, Order, please.

(*Interruptions*)

SHRI MANMOHAN SINGH: Isolation or autarky is neither feasible nor desirable. We, therefore, seek to build a strong internationally competitive economy which can make its due contribution to the orderly functioning of the global economy, consistent with our potential, the aspirations of our people and our cultural heritage. In all this our inspiration is not the IMF or the World Bank. This inspiration we draw from Mahatma Gandhi who said:—

"I do not want my house to be walled in on all sides and my windows to be stuffed....." (*Interruptions*)

MR. SPEAKER: May I request the hon. Members not to interrupt the Finance Minister. Please if you put on these ear phones, you will get Hindi translation also; and it is at the beginning.

Now, there are many points which have to be responded to by the Finance Minister; and if you are interrupting him like this, you may not be able to have the benefit of knowing what the Government thinks on the points you have made.

(Interruptions)

SHRI CHANDRA SHEKHAR (Ballia): Mr. Speaker, the question is not about understanding the speech fo the Finance Minister. I can well understand your indulgence. But there are certain traditions and regulations in the House. Generally, the speeches are not read out excepting the Budget speech and the President's Address. And the Budget discussion is not replied to in the form of another President's Address. This is what the Members are objecting to, and it is the result of lack of political experience of the Hon. Finance Minister which they are taking objection to. *(Interruptions)*

SHRI INDERJIT (Darjeeling): Ministers are always entitled to read out speeches while replying.

SHRI AMAL DATTA (Diamond Harbour): Reply should be to the points raised in the House.

SHRI SAIFUDDIN CHOUDHURY (Katwa): You can ask the Finance Minister to lay the written speech on the Table of the House and take up the points. *(Interruptions)*

MR. SPEAKER: No. Not like this. You please sit down. Shri Inderjit, please do not carry on like this. To be precise, to cover many points in a shore time, speeches have been given extempore, but sometimes there can be written speeches. I am allowing and after that probably one or two Members from each party may have the opportunity of asking for an explanation. Let us conserve time which is a very precious commodity.

(Interruptions)

MR. SPEAKER: Do not interrupt like this. This is not good.

SHRI MANMOHAN SINGH: I am saying that in all this, our inspiration is not the IMF or the World Bank. This inspiration will come from Mahatma Gandhi himself and I quote:

"I do not want my house to be walled on all sides and my windows to be stuffed." *(Interruptions)*

MR. SPEAKER: I may have to take strong objection if you go on interrupting like this.

SHRI MANMOHAN SINGH:

"I want the cultures of all the lands to be blown about my house as freely as possible. But I refuse to be blown off my feet by any. I refuse to live in other people's houses as an interlopper, a beggar or a slave."

To achieve our objective, we need a coherent and consistent policy framework. This is what we seek to do.

Shri Jaswant Singh gave me a lot of advice which I greatly value. In particular, I take very seriously his advice that some thing should be done about the large budgetary subsidies currently enjoyed by the Delhi Electric Supply Undertaking and the Delhi Transport Corporation. I noticed that the Leader of the Opposition Shri Lal K. Advani was frowning when Shri Jaswant Singh was speaking on this subject. I also noticed that the irrepressible Hon'ble Shri M.L. Khurana was absent from the House when Shri Jaswant Singh made those

[Sh. Manmohan Singh]

remarks. I hope that Shri Jaswant Singh's views fully reflect the views of the BJP establishment as well as their supporters in Delhi. I will seek their help in reducing the burden of subsidies in Delhi as well as elsewhere. (*Interruptions*)

Several Hon. Members have mentioned how serious is this crisis and some of them have accused me by saying that I have exaggerated this whole issue of economic crisis to pave the way for a sell-out to the IMF. I ardently wish that the economic situation with which we have to deal with was not as serious as it has turned out to be. To close our eyes to the severity of the situation and to assume that we can go on a spending spree as before, that we can go on subsidising all and sundry, at a pace we have become accustomed to, or that we need not deal with the underlying causes of low productivity of investment would be an act of grave irresponsibility for which the future generations will not forgive us.

We have compressed our imports to the maximum extent possible so as to save foreign exchange. There is no more scope for import compression without severe disruption of our economy. The plain truth is that we have today an unsustainable deficit in the current account of our balance of payments; that given the low level of our reserves, mounting fiscal deficits and laxity of economic management, very few countries, Governments and institutions are willing to lend us money. We have a grave crisis of confidence. Until a few weeks ago, non-resident depositors instead of sending fresh money were taking their money out of the country at the rate of Rs. 100 crores to Rs. 150 crores per week. Let us not be fed on the false illusion that non-resident Indians are going to send in large sums of money to bail out a country with an impaired credit worthiness. The sweet reasonable talks that take place on the dining table when our politicians and civil servants meet the representatives of the non-residents are unfortunately divorced from the harsh and dismal economic realities. Make no mistake, non-residents will not bring in large sums of money unless we put our house in order.

If we had not taken determined action after we came into power, we would by now have declared our country a defaulter on its international obligations. And in a situation in which we do not have foreign exchange to import even such essential goods as fertilizer or diesel, the consequences of default would have been unprecedented. disruption of economic and financial processes in our country leading to large scale unemployment as well as an accelerated pace of inflation.

Quite honestly we need the support of the IMF to restore international confidence in our country at this juncture and to convince international commercial banks as well as non-resident Indians that India remains a viable entity. We will need the support of the IMF for the next two to three years to set our house in order. But the House can rest assured that although conditionality is inevitable, we will not accept any conditions which are inconsistent with our fundamental national interests. I am convinced that what we have done in the last 45 days is fully in the larger national interests of our country. We need a credible programme of both strong fiscal adjustments as well as basic structural reforms regardless whether you have an IMF programme or not.

The pain associated with such a reform will be much greater if we do not have the support of the IMF to deal with the problems of transition to a more vibrant economy.

We need not fear going to the IMF. We had borrowed from the IMF on several occasions in the past even when Jawaharlal Nehru and Indira Gandhi were the Prime Ministers.

China is now an active user of the IMF funds. The Soviet Union is eagerly seeking entry into the IMF. As such it will be imprudent on our part to pass an ordinance of self-denial that we will not go to the IMF.

Let me make it quite clear neither the IMF nor the World Bank is eager to lend to India. I would also not favour recourse to the IMF or the World Bank if the country does not accept the logic of fiscal discipline and structural reform. It must be clearly understood that persistence with unsustainable fiscal deficit and non-recognition of the need for basic structural reforms will condemn this country to the perpetuation of poverty and a low standard of living and lead to its further marginalisation in the world economy.

Shri Atal Bihari Vajpayee and some other Members have suggested that we should take this House into confidence regarding the conditions attached to the IMF loan. Basically these conditions seek to ensure that our country will be able to repay these loans. The IMF is not a charitable organisation and we are not seeking charity. But the IMF is right and I agree with it that this country must control the fiscal mess it is in. And in this context, I may point out that the objectives for fiscal reform were set out not by the IMF but by the Government over which Shri Chandra Shekhar had the distinction of presiding. His Government made a commitment to this House that in the year 1991-92, we will bring the fiscal deficit to 6.5 per cent of GDP, that in the next two to three years, we will bring it further down to 4 per cent. If this country and this Parliament endorses those objectives I can assure you that we would be on the road to mending our ways. If Shri Atal Bihari Vajpayee and his economic advisers or for that matter Shri Jyoti Basu and his economic advisers or Shri V. P. Singh and his economic advisers or Shri Chandra Shekhar and his economic advisers can work out a superior package for reducing the fiscal deficit than the one we have in mind, I am prepared to sit with them with an open mind.

In the same way, unless India's exports grow at a much faster pace, our credit rating cannot improve. And if you want to import more fertiliser or more of petroleum products, you have to export more even if the IMF is not there. And how can you increase exports unless exporting is profitable, unless we eliminate bureaucratic delays which come in the way of export promotion, unless we modernise our industry and have more competition so that people will have a strong incentive to reduce costs and improve quality? This is the logic of trade policy reform and industrial policy reform. We need these reforms for our survival as a modern nation, not as a favour to the IMF.

Several Members have argued that this Budget and our economic policies are pro-industry, that we are anti-worker and that this Budget is anti-rural. I am afraid that is far from truth. The overall economic strategy adopted by us will lead over a period of time to reduced need for protecting Indian industry. Excessive protection of industry in this country has constituted a powerful discrimination against agriculture and rural areas and is at the root cause of widening urban-rural disparities in income and wealth. I seek to reduce this discrimination against agriculture though I will do so at a pace which will not hurt our industry. My tax proposals are designed to reduce the excessive bias in favour of capital intensive technologies and processes in our industry. They will, therefore, help to accelerate over time the growth of employment opportunities. The excise duty concessions I have given to a wide spectrum of agro-processing activities will provide a powerful incentive for the second agricultural revolution centering on processing of agricultural produce in rural areas, thereby raising living standards in rural

[Sh. Manmohan Singh]

areas and checking premature migration of workers in search of employment to metropolitan areas. Moreover, if our economic strategy succeeds, we will be able to release scarce administrative resources as well as larger financial resources for the development of rural India. Particular emphasis will be laid on the provisions of quality social services, physical infrastructure and employment opportunities. I wish to emphasise that all those who are genuinely interested in bridging the rural urban divide between the rural Bharat and urban India should support the basic orientation of our policy in favour of a more competitive industrial economy. Those who believe that the welfare of rural masses can be promoted on the basis of subsidies and hand-outs are offering only palliatives rather than any fundamental reforms which alone can provide a lasting solution to the problems of rural India.

The fiscal policies and the new industrial policy have been unjustly criticised as being unfriendly to labour. This is far from the truth. If our strategy succeeds, the employment opportunities in industry will grow at a rate never seen before in this country. Exposure to greater competition both domestic and foreign could give rise to some transitional problems. However, these are not unsurmountable and we shall devise effective social safety nets to ensure that the cost of technical change is not borne by the working classes. The establishment of a National Renewal Fund whose corpus would grow over time is indicative of our Government's firm resolve to protect all legitimate interests of workers. It is my intention to invite trade union leaders for a discussion on all aspects of economic policy reform. It is also our intention to associate them fully in evolving viable packages for dealing with the problems of transition. I once again assure workers and their representatives that adjustment and structural reforms will be so managed as to fully protect their legitimate interests.

The Rajiv Gandhi Foundation has figured in discussions in this House. The House would recall that in my Budget Speech I had mentioned that in order to honour the work and memory of late Shri Rajiv Gandhi, the Government would donate a sum of Rs. 100 crores over a period of five years to the Rajiv Gandhi Foundation in support of its laudable objectives of promoting national development, social justice and national integration. Subsequently, I informed this august House on 2nd August that the Government had received a letter dated 31 July, 1991 from the Foundation in which the Foundation while thanking the Government for its intention to donate a generous amount suggested that the best way to carry out his intention would be for the Government to identify suitable projects and programmes, fund them directly and implement them under its own supervision. I had also informed the House on 2 August 1991 that the Government had accepted the views expressed by the Foundation. In arriving at this decision the Government had also taken note of the views expressed on both sides of this august House. Accordingly, the sum of Rs. 100 crores to be given over a period of five years will not now be donated to the Foundation, instead the Government will identify suitable projects and programmes dear to the heart of the late Shri Rajiv Gandhi. These projects and programmes will be named after him as a homage to his inspiring memory. The Government will send such sums as are necessary to implement these projects and programmes.

I now come to subject which arose lot of emotions in this House—our attitude to the multinationals. Several hon. Members have expressed concern about the entry of the multinational corporations in our country and their impact on indigenous science and technological development and our self-reliance. I deeply appreciate the patriotic sentiments behind these concern. However, it is necessary to examine this issue in a broader

perspective and in the context of existing realities. We have been consistently investing, increasing in our science and technology sector. The expenditure was Rs. 20 crores in the First Plan and in the Seven Five Year Plan the total expenditure in the Science and Technology sector including plan and non-Plan expenditure was of the order of Rs. 8,500 crores. Despite these large scale investments the output in terms of technology development in our country has not been commensurate with the increase in expenditure. Productivity growth and technical progress in our industry have lagged behind international developments. In particular several segments of our capital goods industry need a strong dose of technological upgradation laying particular emphasis on energy saving technologies. The current sad state of the Heavy Electrical Corporations at Ranchi supposed to be a major pillar for India's industrial growth truly brings tears into my eyes.

We have created many new structures during these 40 years including the IITs which according to Shri Jawaharlal Nehru were "to provide scientists and technologists of the highest calibre, who will be engaged in research, design and help in building the nation towards self-reliance in technological needs."

These structures have not been adequately related to the process of economic development. Our Science and Technology expertise remain grossly under-utilised and un-utilised. What can the IIT engineers do if the economy is not growing fast enough and is over protected, in which entrepreneurs have no incentive to reduce cost, or improve quality and product design?

Brain drain of the IIT graduates now ranges from 40 to 60 per cent, depending upon the discipline that they take. The IITs seem to be creating products largely for the markets in the United States. We are importing technology often developed by our own IIT engineers, living abroad in the United States. Is it not the time, therefore, for us to change the situation so that our engineers and our technologists get the opportunities to develop, adapt and assimilate modern technology within our country itself? Why should our IIT engineers work for multinationals abroad? Why cannot multinationals come to India with opportunities for technological innovation and provide openings for our young graduates to learn and gain experience here itself, experience which will result in the development of indigenous skills, and benefit the whole country?

The new industrial policy and the long overdue programme of restructuring our economy would provide new and increasing opportunities for our scientists and technologists to live and work in this country and actively contribute to national development.

Our strategy has been two-fold, first, to release the entrepreneurial spirit and animal energy of our businessmen, industrialists and entrepreneurs to create wealth, and second, to protect the weak and poor from exploitation and to ensure that they are provided basic needs and opportunities for development The Government would now concentrate its efforts in providing these basic needs, social services and decentralise rural development through the building up of rural agro-industry which will provide a large-scale economic opportunity and employment in our rural areas. Therefore, even as we open our economy and become internationally competitive in our industrial sector, we are also planning to intensify our efforts at poverty alleviation and rural development. We are, therefore, evolving our own new model for development. Our new economic strategy and the new model have to be rooted in our own culture, tradition and ethos which is based on persuasion and democracy.

But while we are proud of our traditions and culture, we must remain

[Sh. Manmohan Singh]

alive to the happenings in the rest of the world and change with the times. In this matter, I can do no better than to quote Swami Vivekanda, the Saint of modern India, and I quote:

> "With all my love and with all my patriotism and veneration for the ancient, I cannot but think that we have to learn many things from other nations. We cannot do without the world outside India. It was our foolishness that we thought we could and we have paid the penalty by about a thousand years of slavery. That we did not go out to compare things with other nations, did not mark the workings that have been all around us, has been the one great cause of this degradation of the Indian mind. We have paid the penalty, let us do it no more."

I now come to the subject of prices. Several hon. Members have suggested that the Budget is inflationary. I do not share their apprehensions in this regard, but let me make an appeal to the hon. Members that we are living through a very difficult time. If responsible people use mass media day after day to create a psychology of scarcity, create a scare that there is going to be runaway inflation, I can assure you that you may well bring about that outcome, even when the basic economic forces point to the contrary. For example, if on an average, each household in our country starts hoarding on an average, half a kilogram more of edible oil, half a kilogram more of rice, half a kilogram more of sugar, I can assure you that itself can play havoc with the national economy. So, I would appeal to all leaders of public opinion in this country that at a time when this country is passing through grave economic difficulties, it is our common national duty to maintain the spirit of self-confidence and sobriety in our country.

The Budget seeks to reduce the fiscal deficits by two percentage of GDP. Shri Chandra Shekhar should have done it. But for some reason, he chose not to do it. It has come to my lot to do it. Our Budget reduces the revenue deficit, as well as the narrowly-defined Budgetary deficit by one percentage of GDP. Such a massive fiscal correction in a single year has never been attempted in the past in this country. I am confident that if we maintain strict fiscal and monetary discipline, we will gain mastery over inflationary expectations and that as a result the rate of price inflation, this year, will be lower than over 13 per cent price rise witnessed in 1990-91.

Some hon. Members have talked about the inflationary impact of recent exchange rate adjustment as well as the cost push effect of various Budgetary levies. I do not deny the existence of some cost push elements which will exert an upward pressure on the price level. But I am confident that if we maintain strict fiscal and monetary discipline, which I propose to, the price rise can be moderated and lowered this year. In a country in which foreign trade accounts for a small proportion of national income, exchange rate adjustment need not exert a strong upward pressure on the general price level, provided the fiscal and monetary policies are sufficiently tight.

I would, further, point out that, by and large, the resource mobilisation strategy relying as it does, on direct tax measures, to a much greater degree than ever before, minimises the cascading effect on the price level.

Several hon. Members have referred to the Congress Party's commitment to roll back prices to July, 1990 level. Consistent with prudent fiscal management, I have sought to reduce or eliminate excise duties on articles of mass consumption listed in our party's election manifesto. I reduced the price of kerosene despite the very considerable shortage of financial resources. I have removed excise duties on a large number of agro-processing products. I further propose that we should

invite producers of essential commodities to sit together with the representatives of the Government so that we can evolve a mechanism for controlling prices of these commodities. I propose to do this soon after I have replied to this debate.

Several hon. Members have referred to the price of LPG. I have said in public and I say before this House that I apologise to all the housewives in this country who use the LPG. But this is a painful duty which I had to perform. It is because in October. 1990 when prices of all petroleum products were raised and when the price of kerosene was also raised and when the price of diesel was raised, for some extraneous reason, the price of LPG was left untouched. The result is that I inherited a situation in which there is an annual budgetary subsidy of Rs. 1,000 crores on the production of LPG. The price of LPG for domestic use has not been increased since February, 1986. Since then, for more than five years now, there have been substantial increases in the prices of all other petroleum products, for example the price of motor spirit has increased by 98.2 per cent and the price of diesel has increased by 45.8 per cent. The price of kerosene is also 12.5 per cent higher than it was five years ago. After the roll-back announced in my Budget speech on 24th July, 1991, it needs to be emphasised that even in October, 1990 when the domestic price of all petroleum products were raised by 25 per cent, the price of domestic LPG remained unchanged. The increase in the price of domestic LPG, announced in the Budget, was clearly necessary; regrettable but unavoidable. But it is not sufficient because there still remains a large subsidy to the consumers. Before the recent price increase, the consumer price of an LPG cylinder was in the range of Rs. 58 to Rs. 60 as compared with the estimated cost of about Rs. 130 per cylinder. This meant an implicit subsidy of Rs. 70 per cylinder and a total burden of Rs. 906 crores on account of domestic LPG alone.

After the 20 per cent price increase, the consumer price per cylinder has gone up by Rs. 12 per cylinder. There is, thus, even now an implicit subsidy of Rs. 60 per cylinder. This means that a burden of Rs. 780 crores on account of domestic LPG is still being borne by the oil industry in this country.

I now go to a subject which has aroused deep emotions on both sides of the House, i.e., fertiliser subsidy. (*Interruptions*)

Mr. Speaker, Sir, strong views have been expressed on both sides of this august House regarding the decision of the Government as announced in my budget speech to raise fertiliser prices in order to reduce the heavy burden of budgetary subsidy on this account. In my Budget speech I had also mentioned the justification for this measure that while fertiliser prices had remained at the same level as in 1981, the procurement prices and the market prices of agricultural produce had nearly doubled since then. The mounting burden of fertiliser subsidy estimated at about Rs. 6000 crores in 1991-92 prior to the recent increase in the fertiliser prices was a major factor contributing to the growth of fiscal imbalances. But in my budget speech I had assured this House and our farmers that they will be compensated for the increase in fertiliser prices through a suitable increase in the procurement prices of foodgrains and other agricultural commodities. The Government is duty bound to honour this commitment so that the increase in the fertiliser prices does not in any way adversely affect the profitability of agricultural operations. As a further measure of support for our farmers, I now propose that the increase in fertiliser prices on an average will be 30 per cent and not 40 per cent as announced in the budget. (*Interruptions*)

SHRI SOBHANADREESWARA RAO VADDE (Vijayawada): It is very high. He must reduce it. (*Interruptions*)

SHRI MANMOHAN SINGH: Let me finish my speech. (*Interruptions*) Let me finish. I am yet to finish on this subject. (*Interruptions*) Please listen to me.

SHRI SOBHANADREESWARA RAO VADDE: How do you increase like this? (*Interruptions*)

MR. SPEAKER: Please take your seats now.

(*Interruptions*)

SHRI SOBHANADREESWARA RAO VADDE: Sir, fertiliser prices in Pakistan and Bangladesh are less than our prices. (*Interruptions*).....

[*Translation*]

SHRI RAJNATH SONKAR SHASTRI: Mr. Speaker, Sir, this is a serious issue. You are giving alms of 10 per cent to the farmers. (*Interruptions*)

[*English*]

MR. SPEAKER: I think you have expressed your views in a manner in which you wanted to express. Now, let us hear what he has to say on other points also.

....(*Interruptions*).. ...

[*Translation*]

MR. SPEAKER: Please take your seat. You should not speak time and again. Resume your seat please.

(*Interruptions*)

[*English*]

THE MINISTER OF PARLIAMENTARY AFFAIRS (SHRI GHULAM NABI AZAD): He has mentioned only a part of it; let him complete it.

SHRI MANMOHAN SINGH: It has been argued on both sides of this House that the increase in procurement prices would effectively compensate farmers producing for the market, particularly those who have a sizeable marketable surplus. (*Interruptions*)

[*Translation*]

MR. SPEAKER: This is not the way, let him finish first. You can speak after that.

(*Interruptions*)

[*English*]

MR. SPEAKER: I do not appreciate it. You will reach nowhere like this.

(*Interruptions*)

[*Translation*]

MR. SPEAKER: Do not react mid way. First listen him. Please do not interrupt in this way.

(*Interruptions*)

[*English*]

SHRI MANMOHAN SINGH: It has also been argued that the increase in procurement prices would not compensate those small and marginal farmers who have little marketable surplus and produce mostly for their own consumption. I see considerable force in this argument. (*Interruptions*)

I am, therefore, convinced that consistent with the basic philosophy of my Budget, in particular the importance our Government attaches to an adjustment programme which is both growth-oriented and is imbued with a genuine concern for social justice, it is necessary to further modify my

first original proposal with regard to fertilizer prices as announced in my Budget speech.

It has been estimated that small and marginal farmers account for 76.3 per cent of operational holdings in our country, 29 per cent of the area under cultivation and for about 30 per cent of the fertilizer consumption in the country.

I, therefore, now propose to work out an arrangement in consultation with the concerned Ministries of the Central Government and the State Governments which will fully exempt the small and marginal farmers from the 40 per cent increase in fertilizer prices announced on 24th July, 1991. (*Interruptions*)

MR. SPEAKER: Nothing personal will go on record.

(*Interruptions*)*

SHRI MANMOHAN SINGH: In the Budget for 1991-92, I had taken credit for savings of Rs. 1800 crores in fertilizer subsidy during 1991-92. If as a result of my proposal to raise fertilizer prices on an average by 30 per cent instead of 40 per cent announced earlier, the saving will be reduced to Rs. 1350 crores during 1991-92. Further as small and marginal farmers are to be fully exempted from the increase in fertilizer prices and assuming that these farmers account for 30 per cent of fertilizer consumption in the country, the additional relief I am now proposing will mean a further increase in the Budgetary subsidy of fertilizer by Rs. 405 crores. I, therefore, propose to set apart Rs. 405 crores for the purpose of fully exempting the small and marginal farmers from the 30 per cent increase in fertilizer prices. (*Interruptions*)

In this process, some rearrangement will become necessary in the expenditure already intended for the small and marginal farmers. We shall frame guidelines which will set the parameters of the scheme. The State Governments will implement the scheme. My colleague, the hon. Minister for Agriculture will be announcing the details of the new scheme.

Considering the grave fiscal crisis we are faced with, the decision to modify the original proposal for an increase in fertilizer prices has not been an easy one to adopt. It is an indication of our Government's firm and irrevocable commitment to protect the interests of India's gallant farmers, having special regard to the interests of small and marginal farmers who constitute a great majority of the farming community. (*Interruptions*) Our Government genuinely believes that a bold peasantry is their country's pride which once destroyed can never be supplied. (*Interruptions*)

The modified proposal is also indicative of our Government's solemn resolve to deal with emerging issues of national importance on the basis of wider national perspectives and to evolve a meaningful national consensus on these issues. It is also indicative of the speed at which the new Finance Minister is capable of learning about the hard grassroot political realities. I am sure that the speed at which I am learning will no doubt please my esteemed friend Shri Jaswant Singh who, out of his genuine concern for my welfare, was deeply worried that because of my alleged political inexperience, I would well end up as the proverbial sacrificial lamb. He will be pleased to know that we are once again going to disappoint the prophets of doom and gloom. Three cheers for democracy. (*Interruptions*)

The preparation of this Budget has been an exceedingly difficult task. Both because of the severity of the economic crisis and the shortage of time at

*Not recorded.

[Sh. Manmohan Singh]

my disposal, it is quite possible that a number of areas may have escaped my attention. Several hon. Members have commented on my tax proposals. I am not going to deal with them today. We have ample time to further consider these matters when the Finance Bill comes up for discussion.

Today I have concentrated my attention on dealing with the broad strategy of the Budget and the overall direction of our policies. I am confident that our new initiatives and policies will bear fruit and this ancient land of ours will once again get its rightful place in the comity of nations. I can do no better than to end this statement by quoting once again Swami Vivekananda:—

> "I do not see into the future: nor do I care to see. But one vision I see clear is life before me. That the ancient Mother has awakened once more, sitting on her throne, rejuvenated, more glorius than ever. Proclaim her to all the world over, with the voice of peace and benediction."

MR. SPEAKER: Well, I see many hands raised. But it will not be possible to allow all Members to ask the questions. I will allow only two Members from each party to ask the questions.

SHRI SOBHANADREESWARA RAO VADDE (Vijayawada): Sir, the hon. Minister has expressed a strong desire for more exports from the agricultural sector. (*Interruptions*)

MR. SPEAKER: Shri Sobhanadreeswara Rao, please address the Chair.

(*Interruptions*)

MR. SPEAKER: These exchanges are not going on record.

(*Interruptions*)*

*Not recorded.

SHRI SOBHANADREESWARA RAO VADDE: Sir, the hon. Minister as well as the Government has expressed a very strong desire for more exports from the agricultural sector. While that being so, why is he retaining the enhancement to 30 per cent level on other farmers? (*Interruptions*)

This Government has increased the limits of small-scale industries from a few lakhs to several crores and that of the multinationals from Rs. 100 crores to Rs. 1000 crores in their new industrial policy. (*Interruptions*)

MR. SPEAKER: Please put an explanatory question.

SHRI SOBHANADREESWARA RAO VADDE: Previously, the GVK Rao Committee has clearly recommended that it is not possible, in practice, to distribute the fertilizers at one price to one category of farmers and at another price to a different category of farmers.

MR. SPEAKER: You cannot do like this. Please ask an explanatory question.

SHRI SOBHANADREESWARA RAO VADDE: That Committee recommended like that. Now, the entire farmers are very much worried on this issue. While that is the case, even before your Budget proposals, the prices of fertilizers in our country are much higher than the prices prevailing in Pakistan and Bangladesh, our neighbours. If that is the case, how are our agricultural products going to catch up the world market? It is in the national interest you must bring down the prices of fertilizers to all farmers, not only in case of the small farmers.

MR. SPEAKER: The hon. Minister will note down the questions and he may reply to the questions at one and the same time. Let there be a question and not an elaborate statement.

SHRIMATI GEETA MUKHERJEE (Panskura): Sir, I only want to know from the hon. Minister whether he is aware of the various suggestions, constructive suggestions made by me for saving foreign exchange as well as earning better revenues. Will he respond to my suggestions when he replies?

SHRI NIRMAL KANTI CHATTERJEE (Dum Dum): Sir, I do not understand why he is continuously rather coy about the conditionalities of the IMF. He says that they relate primarily to problems of repayment and perhaps interest payment obligations. Why is he not coming out with what exactly they mean by this? That should be laid on the Table of the House so that we can really find out what other things are involved in that.

My second question is about the concessions. These concessions on fertilizers, do they mean that the revenue deficit, the budget deficit and the fiscal deficit are increased by a thousand crores of rupees?

The third question which we raised was this: Is he or is he not prepared to suggest workers' participation in management to tackle the problem of industrial productivity as well as tackle the problems of black income generated?

SHRI K. P. UNNIKRISHNAN (Badagara): Sir, one of the questions that I have been raising in this august House for the last few years has been that the cost of production of fertilizers is going up because the capital cost of the plant has gone up and because we have been forced to choose the wrong technology of an Italian multinational.

14.00 hrs.

Even the cost of Kellog plant, that we adopted was Rs. 800 crores for two plants, whereas, the cost of Snam Progette—Holdor Topse was Rs. 700 crores each, which is unheard of, anywhere in the world. Now, on the top of it, the Marathe Committee had recommended a retention price formula of 12 per cent return post-tax, which works out to 27½ per cent post-tax profit which no other industry gets.

MR. SPEAKER: Let it be a brief speech.

SHRI K. P. UNNIKRISHNAN: This is a crucial point. That is how the production costs have been pattered up, just because we wanted to favour a particular Italian multinational. This is the crux of the problem. Concession after concession have been given, so that this will flourish. Now, I want to know whether he will revive formula of Marathe Committee and reduce the production cost and also look into the question of intensive energy—we are also wasting 20 per cent gas; 22½ per cent according to World Bank Study and according to the study of his own Ministry—where 22½ per cent gas is wasted in the process. Would he look into the question and come up with proposals?

SHRI HARI KISHORE SINGH (Sheohar): I would like to know whether the American service industry, particularly, the American Insurance Companies are going to be permitted to operate in this country or not? Because, it is going to affect the operations of our nationalised sector—General Insurance sector—and this is a very important question.

The second question is whether under the open general liberalisation Industrial Policy, the multi-nationals are going to be permitted to establish, to penetrate into service in non-essential industries. I would like to know whether there is going to be any control to see that multi-nationals are not permitted to enter into non-essential sectors.

[*Translation*]

SHRI RAM VILAS PASWAN (Rosera): Mr. Speaker, Sir, I would like to seek clarification from the hon. Minister about two-three things. Majority of the population of the country is engaged in agriculture. It is the biggest source of employment. It is unfortunate that we have been merely talking of agriculture since 43 years of independence and have not taken any solid step to solve the problems of the farmers of the country. Now, I would like to know from the hon. Minister as to whether he is going to provide agriculture the status of industry and whether the farmers will be given the same facilities as are given to the industrialists?

Another matter is about the workers' participation in management. Industries require capital on one hand and labour on the other. Unfortunately capital is valued much more than labour. Workers' participation in management signifies dignity of labour. The Bill on workers' participation in management is pending in the Rajya Sabha. The workers would get participation in the management of the industries when this Bill is passed. What is Government's stand if there is consensus on this Bill? Is Government considering to get this Bill passed from Lok Sabha after it is passed by Rajya Sabha.

SHRI ATAL BIHARI VAJPAYEE (Lucknow): Mr. Speaker, Sir, the hon. Minister of Finance has invited our party to give suggestions to solve the present crisis. We accept the invitation of the hon. Minister and are ready to give suggestions. Now, I would like to ask a question. Hon. Finance Minister had said in an interview published in the 'Economics Times' on 26th July, 1991, which I had quoted in my earlier speech as well,:

[*English*]

There will be a tremendous revolt on the streets of the country if all the conditionalities are accepted.

[*Translation*]

Mr. Speaker, Sir, unless the conditionalities are known to us, we cannot decide as to whether Government have accepted them or not. The Minister of Finance says that there will be a tremendous revolt on the streets of the country, if all the conditionalities are accepted. But what are those conditionalities, we do not know. How far you have gone to accept those conditionalities, this cannot be decided. For this the House should be taken into confidence. Without that you will not be able to get support.

Secondly, the hon. Finance Minister has presented some schemes in order to bring out the black money. But the question is as to how the generation of black money could be stopped. I had given certain suggestions about under-invoicing and over-invoicing in regard to smuggling of gold. But the hon. Finance Minister has maintained silence on that. He has mentioned some reliefs. Had the exemption limit of income-tax been slightly raised, the salaried class, who are the worst affected from price rise, would have got some relief. Is the Minister of Finance still ready to consider that?

SHRI RABI RAY (Kendrapara): Mr. Speaker, Sir, I would like to know from the hon. Finance Minister about the veracity of the report that the officers of the World Bank presently in Delhi have directed the Government to bring about a change in the Banking structure according to their latest report otherwise Government will not get one billion dollars from them? Is it correct that the Banking employees and officers have opposed that? We have also come to know that the M.Ps of the Congress Party have also opposed that. Is it correct that the Bank Employees and officers are planning to go on strike on 6th September against that?

[*English*]

SHRI SAIFUDDIN CHOUDHURY (Katwa): Before getting the invi-

tation from the hon. Finance Minister, on behalf of our party, the West Bengal State Government formulated a kind of proposal and submitted it to him. That was unceremoniously rejected by the hon. Finance Minister. We don't mind it; we still take that invitation and join him in a dialogue to put our points of view.

I welcome the measure that you have announced about the exemption of small and marginal farmers from the increase. From the day the Budget was placed till date, the increase had already taken place and the small and marginal farmers had to with many difficulties purchase the fertiliser. In the coming days also they will have to purchase it with the hiked price. Now you have stated that you will hurry up in working out a formula to reach out to them. But the delay will be costly to those people. I would like to know how you are going to compensate them for the increased price that they have already paid. Do you have any plan for that?

SHRI INDER JIT (Darjeeling): We on this side of the House are very happy that the Prime Minister and the Finance Minister have yielded to the overwhelming opinion in our party and conceded the demand for a fair deal to the small and marginal farmers. I want to know what is going to be done to ensure that small and marginal farmers get full benefits of the proposed measures and the kulaks do not carry away all the benefits.

SHRIMATI BIBHU KUMARI DEVI (Tripura-East): I would like to know whether the Finance Minister will consider giving subsidy to the backward areas which are inaccessible and where people don't even know what is fertilizer. (*Interruptions*)

SHRI K. P. REDDAIAH YADAV (Machhcipatnam): Sir, the hon. Finance Minister has got every right either to withdraw the subsidy or to raise the subsidy. I agree. But, will the hon. Minister consider the proposal that the farmer will be allowed to sell his produce at his own rate? Since all the big industries are fixing their own rate for their industrial products and the machinery etc. produced in this country, what moral right has the Government got to fix the rate for the farmer's products? (*Interruptions*)

MR. SPEAKER: It is not done. Now, you may please take your seat. Shri Kapse.

(*Interruptions*)

SHRI RAM KAPSE (Thane) : There are three different measures because of which the primary cooperative banks are suffering after the presentation of the Budget. May I know as to whether the Finance Minister will review the whole situation as far as the primary cooperative banks are concerned? (*Interruptions*)

SHRI MANMOHAN SINGH: Sir, a number of questions have been raised. I will try to answer them to the best of my ability.

The first question raised by an hon. Member was that we have raised the prices of fertilizer, which is going to hit the export of agricultural commodities. I can assure the hon. Member that that assumption is not at all true. By the exchange rate adjustment that we have raised at the beginning of this month, I think, never in the history of India such a general incentive has been given for the export of agricultural commodities. (*Interruptions*) What is the cost of production? If 40 per cent increase had been accepted, then, even in those cases, the price of wheat would increase by about eight rupees per quintal; the price of paddy would increase by about seven rupees per quintal. Therefore, the argument that because we have changed the fertilizer prices, agricultural exports are going to become unprofitable, is not true. I think, the contrary is true. 22 per cent change in the exchange rate provides

[Sh. Manmohan Singh]

a powerful incentive for agricultural exports. (*Interruptions*)

The second point was made about the distinction between small and marginal farmers. Well, the hon. Member who raised that point does not believe that such a distinction exists. But, we do know in this country, that the majority of the farmers—70 per cent of the farmers—are small and marginal farmers. Therefore, we are committed in helping them. He may not recognise them, but we recognise them. (*Interruptions*)

SHRI SOBHANADREESWARA RAO VADDE: Our Telugu Desam Government had done the best for the farmers in this country. (*Interruptions*)

SHRI MANMOHAN SINGH : I think, Shrimati Geeta Mukherjee has referred to several points about saving of foreign exchange and earning of revenues. I apologise to her that in my reply, I was not able to do justice to the various points that she made. But, I would be very happy to discuss with her about those issues. Those are very constructive suggestions and I will only be open to consideration.

I think it was Shri Nirmal Chatterjee and Shri Vajpayee as well who have referred to the conditionalities of the IMF. Shri Vajpayee has quoted a particular statement from the *Economic Times*. Unfortunately, to the best of my ability—I am not accusing any newspapers—I tried and that is not what I wanted to convey. It might have been a mistake on my part. I did not intend to say that if all the conditions were accepted, there would be a revolt in this country. I apologise to the House, if I have given that impression. That probably was my mistake. Well, I own up that point.

Now what I do want to say is that Shri Vajpayee and Shri Nirmal Kanti Chatterjee asked: What are these conditionalities? Now we are in the process of negotiating with the International Monetary Fund. We are in the preliminary stage of negotiations. If you want me to reveal all these things right now, I would be negotiating with the IMF with both my hands tied at the back. (*Interruptions*)

I can tell you what those conditions are. These were the conditions accepted by Shri Chandra Shekhar's Government. He is unfortunately not here. (*Interruptions*) His Government made the following commitment to this House that in the year 1991-92, we will reduce the fiscal deficit of this country to 6.5 per cent. That is the one condition. (*Interruptions*) It was also stated by the then Finance Minister that we will reduce the fiscal deficit in the next two to three years to 4 per cent of the GDP. We have not talked anything about what happens next year. But 6.5 per cent is the commitment that Shri Chandra Shekhar's Government made. We have to honour that commitment.

The second thing that I do want to say is that there is a lot of discussion taking place about the prices of petroleum products. About the petroleum products also, the previous Government had given an assurance to the International Monetary Fund that whatever may happen, we will not lower prices of petroleum products in the year 1991-92. (*Interruptions*)

I managed to persuade the International Monetary Fund that our Government cannot accept it. We cannot accept this type of proposition that the prices of kerosene will not be lowered. We have modified that conditionality. (*Interruptions*) We have improved upon the conditionality that the Chandra Shekhar Government had accepted. (*Interruptions*)

Taking the general point about conditionality, I think the first conditionality is : What are we going to do to set our fiscal policy in order? What are we doing to increase our exports? What are we doing to ensure that the Indian industry is sufficiently modernised, is sufficiently cost-conscious?

In fact, I would be very happy that once our negotiations are completed, I propose to place the letter of intent that I give to the International Monetary Fund on the Table of the House. (*Interruptions*) You have an assurance on what is it that I am negotiating. Even now, if there is any particular point that Mr. Vajpayee wants to discuss with me or wants to know from me or any other Member has any fear or any apprehension, I am always available for discussion. And I take very seriously this offer that we will discuss with all hon. Members your fears, your hopes, your expectations about the IMF and all that we do in this Government.

SHRI INDER JIT (Darjeeling): Is it true, Sir, that the previous Government also gave a commitment that the Gulf surcharge will also not be withdrawn?

SHRI MANMOHAN SINGH: Yes, this is what I was referring to. This is the commitment that Shri Chandra Shekhar's Government made to the International Monetary Fund. (*Interruptions*)

SHRI TARIT BARAN TOPDAR (Barrackpore): What about the Gulf surcharge on petroleum? (*Interruptions*)

SHRI MANMOHAN SINGH: The point is that the Government of India is a continuous entity. The very fact that Shri Chandra Shekhar's Government made that commitment, I do not want to disown it just as I do not want to disown the effect of loan waiver because the Government of India is one continuous entity. (*Interruptions*)

I was asked about the budget deficit. It is true that as a result of these concessions that I have made in reducing the general price increase from 40 per cent to 30 per cent, in fully exempting the small and marginal farmers from the effect of increase in fertiliser prices, the budget will take a knock of about Rs. 8 to 9 hundred crores in a year. I will have to come before this House as to how I propose to meet that. (*Interruptions*)

Sir, other questions have been raised about workers participation to tackle problems of productivity, etc. Other problems have also been mentioned in this House. I take workers participation in management very seriously. And I do believe that this is an issue which requires a lot more thinking that has to be gone into this country. There are several models of workers schemes. For example, in West Germany, there is a system of co-determination where the workers representatives and the consumers representatives sit on a policy board. There is an Executive Board also. Now, in some ways, that is far more effective than the various schemes of workers management that have been talked about and discussed in this country. I propose, therefore, to come to this House in due course of time after evolving a scheme in this regard. I have to consult my colleagues, hon. Labour Minister and other Ministers. ...(*Interruptions*)...

Now, Shri Unnikrishnan raised questions about the cost of production going up due to wrong technology and costing formula. I am not an expert in fertiliser pricing. I take note of his suggestion that we ought to have a re-look on the Marathe Committee's formula. We must be satisfied that any formula for pricing does not involve inefficiency. We will look into this point.

Regarding specific technology which he mentioned, I must confess here that I am not an expert in technology. But I will pass on what he has said to the hon. Minister for fertilisers...(*Interruptions*)...

Another question was raised as to whether or not we are going to allow the American Insurance companies. We have no such proposals under discussion. The answer is simple.

[Sh. Manmohan Singh]

Questions have been raised about raising the exemption limit. Let me say that this is a serious question. I do recognise the force of the argument that at a time when inflation is taking place, we have to raise the exemption limits not only for income-tax but for other items as well. But I was constrained from doing so. I will absolutely be very honest to say that in a year when I am imposing burdens on the poorer sections of our society, when I am raising the fertiliser prices, when I am doing a lot of unpleasant things which hurt the common man, it is not a year of grace to raise the exemption limit. That is how I hesitated to raise the exemption limit. But I take note of the suggestions made. I hope that this is not the last Budget that I have presented to the House. So, I have taken note of all the suggestions made....(*Interruptions*)...

Shri Rabi Ray mentioned about the World Bank Report, I am absolutely candid that the World Bank produces hundreds of reports. I cannot keep track of all of them. But I think it is quite possible that there may be some such report which talks of a loan for India's restructuring and India's financial structure. We would examine those reports as per their merits. I do not have to hide from you that the IMF people are here and the World Bank people are also here. They have to discuss with us. Therefore, we will share the terms and conditions of the loan, if there are going to be any.

[*Translation*]

SHRI RABI RAY: I asked whether the officers and trade unions of banks have given notice to go on strike.

[*English*]

SHRI MANMOHAN SINGH : With all respect to you, I say that your party, through loan waiver, has done immense damage to the Indian economy...(*Interruptions*)...

SHRI RABI RAY: You must know that you are not replying to my question.

[*Translation*]

I am asking something but your reply is something else (*Interruptions*)

[*English*]

SHRI MANMOHAN SINGH : Even now if you ensure your influence with the workers, then there will be a paralysis in the banking system which will be, wittingly or unwittingly, the worst disservice to the Indian economy. Therefore, it is the duty of all of us to prevent a situation of that order....(*Interruptions*)...

SHRI MANMOHAN SINGH : A reference was made to the proposals of the Government of West Bengal. I think it was Shri Nirmal Kanti Chatterjee or somebody else, who said that we had rejected the proposal of the West Bengal Government. That is simply not true. Because, what I did explain to the hon. Chief Minister of West Bengal was that the two specific suggestions that he had made were not implementable. What were those two suggestions? He said that we must curb imports and I assured him—as can be seen from the table I gave to the leaders of the Opposition—that with the import squeeze that we have put in our country today, there is no further scope for import compression. There might have been some scope two or three years before. But today, you have my assurance that we have such a tight import regime that I am greatly worried about its impact on employment and production.

SHRI SOMNATH CHATTERJEE: Then, why don't you have discussions with all concerned? (*Interruptions*)

SHRI MANMOHAN SINGH : Since you have raised the issue, I should like to take the House into confidence.

The day I took over, I rang up the hon. Finance Minister of West Bengal. I told him, "Our country is faced with a grave economic crisis. Please come and I am willing to share with you all the secrets that I possess because I know you are a patriotic citizen, I know that Jyoti Basu is a great national leader and you come and share with us our perceptions, so that together we can work out solutions for solving the problems of this country." The hon. Minister said that it was a very good idea. But something happened in the evening. He rang me up and said, "Dr. Singh, this is a political matter, why are you putting yourself and the Congress in such a position..." (*Interruptions*)

SHRI SOMNATH CHATTERJEE: What were the definite suggestions that were made in that context? That is what we are interested in and not your chitchat with one particular Minister. I feel he is not serious. He is not willing for discussions.

SHRI MANMOHAN SINGH : I am willing! I repeat, I am willing for discussions any day with any member or anybody who has suggestions I say this because we are dealing not with any partisan issues. We are dealing with issues which have a bearing on the future of our country. Therefore, if anybody has any solution, we are willing to look at it. Let me say one thing. While preparing my Budget proposals, I did take account of several suggestions contained in the Left Party's memorandum and the Left economist memorandum because whether you agree or not, I think there is, today, a concensus in our country both among the Right and the Left that we must allow full rigour of competition in our domestic economy. And it is true of the Left economists from Bengal as well as the Right economists...(*Interruptions*)

SHRI NIRMAL KANTI CHATTERJEE : We agree that it should not be a party affair. But you cannot deny that it has to be a political affair because it depends on the direction of attack. Where will the attack be? Do you attack the workers or those who are making profits? (*Interruptions*)

SHRI MANMOHAN SINGH : I repeat that I stand ready to discuss with the hon. Chief Minister of West Bengal or with any member of this House or anybody outside this House who has a solution to the grave problems that this country faces (*Interruptions*).

SHRI SOMNATH SINGH : What is the use if you consider everything with a closed mind?

SHRI MANMOHAN SINGH : No, we do not have a closed mind. After considering them also, you can have discussions. We will satisfy you that what we are doing is in the best interest of the country. (*Interruptions*) A question was raised about subsidy for backward areas. That is a suggestion for action that we would take into account in days to come.

Another hon. member asked a question, "Are you going to allow the farmers to sell their produce at any price?". I thought we live in a free country. Today, there is no compulsion. All procurement prices that we fix are support prices. Farmers are free to sell their produce at any price they like. There is no compulsion. We will protect the farmers' interest to sell their produce at any price which they like.

The last question that was asked was about the savings of the primary cooperatives. I am afraid I am not fully familiar with the facts. I will study these things and I would discuss with the hon. Members any particular problem being faced in that area and I would satisfy them as to what we propose to do.

I hope, I have covered all the points.